

REPLACEMENT OF COVERAGE

December 28, 1989

During the 1987 Legislative Session, the following statutes concerning the replacement of group health coverage for group health policies, and contracts issued by nonprofit medical service corporations, health maintenance organizations and organizations for dental care were passed: NRS 689B.065, 695B.187, 695C.1705, and 695D.203.

The provisions in these statutes require contracts for group health coverage which are issued to replace discontinued coverage to provide the same benefits as previous coverage. Some policies or contracts have excluded or limited benefits for enrollees, members or insureds by stating that no person will be covered until their discharge from the hospital or other type of described facility and treatments are completed, if the inpatient care or treatment began prior to the effective date of the contract or policy.

The Division interprets these statutes to require a complete takeover of all members or insureds of the previous policy. If a member or an insured has met the eligibility requirements under his prior policy, the insurer taking over the group cannot apply new eligibility conditions which would exclude coverage for members or insureds previously covered. Specifically, an insurer must cover all members or insureds of the previous policy including those members or insureds in the hospital or receiving treatment on the effective date of the new policy or contract.

For the purpose of this Bulletin, "insurer" includes those persons holding a Certificate of Authority and marketing products regulated by Chapters 689B, 695B, 695C and 695D of NRS.

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